

AMENDED IN SENATE APRIL 10, 2003

SENATE BILL

No. 906

Introduced by Senator Escutia

February 21, 2003

An act to amend Sections 60290 and 60622 of, and to add Sections ~~60233.6~~ and Section 71611.5 to, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 906, as amended, Escutia. Water districts.

(1) Existing law, the Water Replenishment District Act, authorizes a water replenishment district to establish an annual reserve fund in an amount that does not exceed \$10,000,000, subject to an annual adjustment. The act requires 80% of the funds in the reserve fund to be expended for water purchases.

This bill, instead, would authorize a water replenishment district to establish an annual reserve fund in an amount not to exceed ~~an amount that equals the district's expenditure requirements identified for 6-month period in the annual budget adopted by the board of directors~~ \$15,000,000. The bill would authorize the district to expend the funds in the reserve fund for any purpose authorized by the act in accordance with a minimum reserve fund policy established by the district's board of directors.

(2) The Water Replenishment District Act requires all contracts and other documents executed by a water replenishment district to be signed by the president and secretary of the district.

This bill, instead, would require all contracts executed by the district that require or authorize the district to expend \$10,000 or more ~~than~~ ~~(\$)~~ to be *authorized by the board of directors and signed by the president and secretary of the district and would except that the*

board may authorize the general manager or other authorized representative of the district to sign all other contracts and documents that do not exceed \$25,000. The bill would authorize the general manager or other authorized representative to approve and sign contracts and documents executed by the district for up to \$10,000 provided that no more than one such contract or document is signed on behalf of the district with the same person or entity in a one-year period without board approval.

(3) Existing law, the Municipal Water District Law of 1911, authorizes a municipal water district to sell water.

~~This bill would prohibit the Central Basin Municipal Water District and the West Basin Municipal Water District, for the purposes of selling water supplied by the Metropolitan Water District of Southern California to the Water Replenishment District of Southern California, from imposing charges that exceed the wholesale price imposed by the Metropolitan Water District of Southern California and a reasonable charge that reflects actual costs incurred by those respective municipal water districts in connection with the delivery of that water. The bill would require the Water Replenishment District of Southern California to apply any savings realized by that district as a result of the implementation of that provision to the purchase of replenishment water.~~ *require the Central and West Basin Municipal Water Districts to prepare a cost of service analysis that establishes their rate and surcharge structure and includes other specified information, thereby imposing a state-mandated local program.*

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1.—Section 60233.6 is added to the Water Code, to~~
- 2 ~~read:~~
- 3 ~~60233.6.—Any savings realized by the Water Replenishment~~
- 4 ~~District of Southern California resulting from the implementation~~

1 of Section 71611.5 shall be applied by that district to the purchase
2 of replenishment water.

3 ~~SEC. 2.—~~

4 *SECTION 1.* Section 60290 of the Water Code is amended to
5 read:

6 60290. The district may establish an annual reserve fund in an
7 amount not to exceed ~~an amount that equals the district's~~
8 ~~expenditure requirements identified for a six-month period in the~~
9 ~~annual budget adopted by the board of directors, commencing with~~
10 ~~the 2003-04 fiscal year fifteen million dollars (\$15,000,000).~~
11 Funds in the reserve fund, not including the funds described in
12 Section 60291 or the reserved funds described in subdivision (o)
13 of Section 60315, may be expended for any purpose authorized by
14 this division in accordance with a minimum reserve fund policy
15 established by the board of directors.

16 ~~SEC. 3.—~~

17 *SEC. 2.* Section 60622 of the Water Code is amended to read:

18 60622. (a) All contracts *and other documents* executed by
19 the district that require or authorize the district to expend *ten*
20 *thousand dollars (\$10,000) or more* ~~than _____ (\$_____)~~ shall be
21 *authorized by the board of directors and signed by the president*
22 *and the secretary.*

23 ~~(b) All contracts not described in subdivision (a) may be signed~~
24 ~~by the general manager or other district representative authorized~~
25 ~~by the board of directors.~~

26 ~~SEC. 4.—~~ *secretary, except that the board may, by resolution for*
27 *a specific expenditure, authorize the district manager or other*
28 *district representative to sign contracts and other documents in the*
29 *name of the district, not to exceed twenty-five thousand dollars*
30 *(\$25,000).*

31 *(b) All contracts and other documents executed by the district*
32 *that require or authorize the district to expend less than ten*
33 *thousand dollars (\$10,000) may be approved and signed by the*
34 *general manager or other district representative authorized by the*
35 *board of directors, provided, however, that the general manager*
36 *may not execute multiple contracts or documents on behalf of the*
37 *district with the same person or entity within a one-year period*
38 *that cumulatively total ten thousand dollars (\$10,000) or more,*
39 *without the board's prior approval.*

40 *SEC. 3.* Section 71611.5 is added to the Water Code, to read:

~~71611.5.— For the purposes of selling water supplied by the Metropolitan Water District of Southern California to the Water Replenishment District of Southern California, the Central Basin Municipal Water District and the West Basin Municipal Water District may not impose charges that exceed the sum of both of the following:~~

~~(a) The wholesale water charge imposed for that water by the Metropolitan Water District of Southern California;~~

~~(b) A reasonable charge that reflects the actual costs incurred by the Central Basin Municipal Water District or the West Basin Municipal Water District in connection with the delivery of that water by that district.~~

71611.5. The Central and West Basin Municipal Water Districts shall prepare a cost of service analysis that establishes their rate and surcharge structure and that includes all of the following:

(a) Actual costs of providing services to individual customers or groups of customers.

(b) Capital costs of providing services to individual customers or groups of customers.

(c) Improvement projects.

(d) Administrative overhead.

(e) Debt service management.

(f) Water purchases and treatments.

(g) Recycling programs.

(h) Any other public benefits.

~~SEC. 5.—~~

SEC. 4. The Legislature finds and declares that Section 4 of the act adding this section, which is applicable only to the sale of water by the West Basin Municipal Water District or the Central Basin Municipal Water District to the Water Replenishment District of Southern California, is necessary because of the unique and special groundwater replenishment purposes for which that water is supplied particular relationship between the water districts in this region. It is, therefore, hereby declared that a general law within the meaning of Section 16 of Article IV of the California Constitution cannot be made applicable to those districts and the enactment of this special law is necessary for the conservation, development, control, and use of that groundwater for the public good.

1 *SEC. 5. No reimbursement is required by this act pursuant to*
2 *Section 6 of Article XIII B of the California Constitution because*
3 *a local agency or school district has the authority to levy service*
4 *charges, fees, or assessments sufficient to pay for the program or*
5 *level of service mandated by this act, within the meaning of Section*
6 *17556 of the Government Code.*

